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9 *Counsel for Debtor*10 **UNITED STATES BANKRUPTCY COURT**11 **DISTRICT OF NEVADA**

12 In re

13 CASH CLOUD, INC.,
14 dba COIN CLOUD,

15 Debtor.

Case No. BK-23-10423-mkn

Chapter 11

16 **APPLICATION FOR ORDER**
17 **AUTHORIZING RETENTION AND**
18 **EMPLOYMENT OF BAKER &**
19 **HOSTETLER LLP AS REGULATORY**
20 **COUNSEL TO DEBTOR**

Hearing Date: OST PENDING

Hearing Time: OST PENDING

21 Cash Cloud, Inc. ("Debtor"), debtor and debtor in possession in the above-referenced
 22 chapter 11 bankruptcy case (the "Chapter 11 Case"), respectfully submits this application (the
 23 "Application") for an order pursuant to sections 327(a), 328, 1107 and 1108 of title 11 of the United
 24 States Code, §§ 101 *et. seq.* (the "Bankruptcy Code"), Rule 2014(a) of the Federal Rules of
 25 Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 2014 of the Local Bankruptcy Rules for
 26 the United States Bankruptcy Court for the District of Nevada (the "Local Rules"), authorizing
 27 Debtor to retain and employ Baker & Hostetler LLP, a limited liability partnership ("B&H"), as
 28 regulatory counsel to Debtor. This Application is made and based upon the *Verified Statement of*

1 *Robert A. Musiala, Jr.* (the “Musiala Verified Statement”) and the *Declaration of Chris McAlary*
 2 (the “McAlary Declaration”) both filed contemporaneously herewith, the papers and pleadings on
 3 file in this Chapter 11 Case, judicial notice of which is respectfully requested, any argument of
 4 counsel entertained by the Court at the time of the hearing of the Application, and the following:

5 **I.**

6 **BACKGROUND**

7 1. On February 7, 2023 (the “Petition Date”), Debtor filed a voluntary petition with this
 8 Court for reorganization relief under chapter 11 of title 11 of the Bankruptcy Code.

9 2. Debtor is continuing to operate its business and manage its property as debtor in
 10 possession pursuant to Bankruptcy Code Sections 1107(a) and 1108.

11 3. On February 17, 2023, the Office of the United States Trustee appointed the Official
 12 Committee of Unsecured Creditors (the “Committee”) [ECF No. 131, as amended on February 28,
 13 2023, ECF No. 177].

14 4. No request has been made for the appointment of a trustee or examiner.

15 5. The factual background relating to Debtor’s commencement of the Chapter 11 Case is
 16 set forth in detail in the *Omnibus Declaration of Chris McAlary* [ECF No. 19] and is incorporated
 17 herein by this reference.

18 **II.**

19 **JURISDICTION AND VENUE**

20 6. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
 21 This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

22 7. The statutory basis for relief sought herein arises from Bankruptcy Code Sections
 23 327(a), 328, 1107 and 1108, Bankruptcy Rule 2014, and Local Rule 2014.

24 8. Venue of this Chapter 11 Case in this District is proper pursuant to 28 U.S.C. §§ 1408
 25 and 1409.

1 **III.**

2 **RELIEF REQUESTED**

3 9. Debtor brings this Application, and hereby seeks the employment of B&H as
4 regulatory counsel, to assist Debtor in various regulatory compliance matters before state and federal
5 agencies in relation to Debtor's money transmitter licensing status and related regulatory obligations
6 at both the state and federal level, and any other financial regulatory compliance and outside general
7 counsel services as needed in connection with same (the "Regulatory Matters").

8 **IV.**

9 **QUALIFICATIONS**

10 10. Debtor selected B&H because of its excellent qualifications, its reasonable fee
11 structure, and its reputation in handling similar matters. See McAlary Declaration, ¶ 4.

12 11. B&H's services will not be duplicative of any other professionals providing services
13 to Debtor. See McAlary Declaration, ¶ 5.

14 12. B&H is well qualified to serve as counsel to Debtor to assist in the Regulatory
15 Matters. B&H is a full-service firm with over 900 attorneys in offices in Atlanta, Chicago,
16 Cincinnati, Cleveland, Columbus, Costa Mesa, Dallas, Denver, Houston, Los Angeles, New York,
17 Orlando, Philadelphia, San Francisco, Seattle, Washington, D.C., and Wilmington. B&H's
18 Blockchain Technologies and Digital Assets practice is nationally recognized, and it has substantial
19 experience representing clients in navigating the broad array of legal issues presented by blockchain
20 technology and the rise of digital assets, including cryptocurrencies. Robert A. Musiala, Jr. has over
21 10 years of experience working in the blockchain and cryptocurrency market, with related regulatory
22 experience, and such experience makes B&H well suited to assist the Debtor with the Regulatory
23 Matters. See Musiala Verified Statement, ¶ 6 & **Exhibit 2** thereto, McAlary Declaration, ¶ 6.

24 13. A law firm with extensive experience in Regulatory Matters such as B&H fills a
25 critical need that complements the services offered by Debtor's restructuring professionals. Debtor
26 believes it requires the services of a capable and experienced law firm such as B&H because B&H's
27 professionals are familiar with handling matters like the Regulatory Matters. B&H's skillset is not
28 commonly possessed by Debtor's financial professionals, general management, or operational

employees. Debtor requires a law firm that can assist it with the Regulatory Matters so that it may emerge from Chapter 11 successfully. See McAlary Declaration, ¶ 7.

14. Accordingly, B&H is well qualified and positioned to provide the legal services being sought by Debtor in connection with the Regulatory Matters, and has developed significant relevant experience and knowledge that will assist in dealing with potential issues that may arise in connection with same. See Musiala Verified Statement, ¶ 7. Debtor respectfully submits that the employment and retention of B&H is in the best interests of Debtor and its estate. See McAlary Declaration, ¶ 8.

V.

SERVICES TO BE RENDERED

15. Debtor proposes to employ B&H as regulatory counsel to Debtor for the Regulatory Matters on the terms set forth in the retainer agreement (the “Engagement Agreement”) annexed as **Exhibit 1** to the Musiala Verified Statement. Specifically, Debtor anticipates B&H will provide counsel on all aspects of representing Debtor regarding the issues relating to the Regulatory Matters (the “Services”). See McAlary Declaration, ¶ 9; Musiala Verified Statement, ¶ 8 & Exhibit 1.

16. B&H has stated its willingness to act as Debtor’s regulatory counsel during the pendency of the Chapter 11 Case. See Musiala Verified Statement, ¶ 9.

17. Based on the foregoing, B&H is well-qualified and experienced in these Regulatory Matters. Accordingly, B&H is well-qualified to perform the Services and legally represent Debtor, specifically with respect to B&H’s extensive experience of complex matters before federal and state regulatory agencies. See McAlary Declaration, ¶ 10; Musiala Verified Statement, ¶ 10.

18. The scope of B&H’s Services has been set forth in the Engagement Agreement executed by both B&H and Debtor. See McAlary Declaration, ¶ 11; Musiala Verified Statement, ¶ 11.

VI.

DISINTERESTEDNESS

19. Pursuant to section 327(a) of the Bankruptcy Code, a debtor may employ an attorney that “do[es] not represent or hold any interest adverse to the estate” and that are “disinterested persons.” 11 U.S.C. § 327(a).

20. Debtor has been advised that B&H has conducted a thorough search using its computerized conflicts check system, based on the information received to date from Debtor, and that B&H's attorneys have made diligent efforts to search the Firm's records and assemble pertinent information for purposes of this Application with respect to B&H's connections with Debtor's creditors and parties in interest. If Debtor obtains additional information regarding its creditors and/or parties in interest, Debtor will forward such additional information to B&H to run an updated conflict search. See McAlary Declaration, ¶ 12; Musiala Verified Statement, ¶ 12.

21. Debtor has been advised that B&H currently or formerly represents or has a litigation or transactional adversity to the creditors of Debtor identified on **Exhibit 3** to the Musiala Verified Statement in matters unrelated to Debtor or Debtor's Chapter 11 Case. To the extent that B&H discovers any adverse, material relationships during the period of B&H's retention, B&H will supplement its disclosures. See McAlary Declaration, ¶ 13; Musiala Verified Statement, ¶ 13 & Exhibit 3.

22. Moreover, B&H verifies that:

a. its partners, of counsel, and associates:

- i. are not equity security holders or insiders of Debtor;
- ii. are not and were not, within two years before the date of this application, a director, officer, or employee of Debtor, as specified in subparagraph (c) of 11 U.S.C. § 101(14); and
- iii. do not hold an interest materially adverse to the interest of the estate or of any class of creditors or equity holders except as stated herein or in the Musiala Verified Statement.

b. B&H does not represent or otherwise have other material connections with Debtor, its creditors, any other party in interest in the Chapter 11 Case, or their respective attorneys and accountants, the judge of this Court, the United States Trustee for Region 17 or any person employed in the Office of the United States Trustee for the District of Nevada, in accordance with Bankruptcy Rule 2014.

1 B&H will supplement these disclosures in the event further material connections are discovered
 2 regarding persons or entities that later become identified as parties in interest in this Chapter 11 Case.
 3 See Musiala Verified Statement, ¶ 14.

4 VII.

5 PROFESSIONAL COMPENSATION

6 23. Debtor shall compensate B&H for the Services rendered to Debtor. See McAlary
 7 Declaration, ¶ 14. Pursuant to the Engagement Agreement, B&H will be paid an hourly rate. The
 8 amount of compensation to be paid to B&H by Debtor for the Services rendered will fluctuate
 9 depending on the attorney working on the matter. Generally, B&H's rates range from \$500 to \$1,150
 10 per hour. Mr. Musiala's rate for this matter is \$900.00 per hour and he will be the primary attorney
 11 working on this matter from B&H. See McAlary Declaration, ¶ 15; Musiala Verified Statement,
 12 ¶ 15.

13 24. B&H shall also seek reimbursement for one hundred percent (100%) of expenses and
 14 costs incurred on Debtor's behalf in connection with the Regulatory Matters. See McAlary
 15 Declaration, ¶ 16; Musiala Verified Statement, ¶ 16.

16 25. B&H requires an initial retainer of \$50,000.00 (the "Retainer"). B&H will deposit
 17 the Retainer in its trust account and will hold it for the duration of its representation of Debtor. B&H
 18 will apply the Retainer funds to any outstanding and overdue balances owing pursuant to the interim
 19 compensation procedures set forth in this Court's *Order Granting Debtor's Motion Pursuant to 11*
 20 *U.S.C. §§ 105(a) and 331, And Fed. R. Bankr. P. 2016, Authorizing and Establishing Procedures for*
 21 *Interim Compensation and Reimbursement of Expenses of Professionals* [ECF No. 321] (the
 22 "Compensation Procedures").¹ At the end of B&H's representation, it will apply the remaining
 23 Retainer (if any) to any outstanding fees and/or expenses owing that are approved by the Court
 24 pursuant to B&H's Final Fee Application and return any unearned funds to Debtor at that time. See
 25 McAlary Declaration, ¶ 17; Musiala Verified Statement, ¶ 17.

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 28 ¹ To the extent there is any inconsistency between the terms of the Engagement Agreement
 and the Compensation Procedures, the Compensation Procedures will control.

26. There is no agreement of any nature, other than with respect to the attorneys at B&H and payment of any contract attorneys utilized by B&H, as to the sharing of compensation to be paid to B&H. See Musiala Verified Statement, ¶ 18.

27. As noted in the Musiala Verified Statement:

- a. B&H did not agree to any variations from, or alternatives to, its standard or customary billing arrangements for this engagement;
- b. None of the B&H professionals included in this engagement will vary their rates based on the geographic location of the bankruptcy case;
- c. B&H did not represent the Debtor prepetition; and
- d. The Debtor has approved B&H's provision of services on the terms set forth in the Engagement Agreement, which includes staffing and hourly rates, for the duration of the Chapter 11 case.

Musiala Verified Statement, ¶ 19.

28. Debtor respectfully submits that the proposed fee arrangement with B&H in accordance with rendering of its Services, and as set forth above and in the Engagement Agreement, is both fair and reasonable in light of: (i) industry practice; (ii) the similarity to market rates both in and out of Chapter 11 proceedings; (iii) B&H's experience with the blockchain and cryptocurrency markets and related regulatory matters; and (iv) the type of work to be performed pursuant to its retention. See McAlary Declaration, ¶ 18.

VIII.

NOTICE

29. Notice of this Application has been provided to the Office of the United States Trustee, the Committee, secured creditors, those governmental agencies required to receive notice under Bankruptcy Rule 5003(e), and any party which has filed and served on Debtor a request for special notice. Debtor respectfully submits that such notice is appropriate under the circumstances and that no other or further notice is necessary or required.

IX.

NO PRIOR APPLICATION

30. No prior application for the relief requested herein has been made to this Court or any other court. See McAlary Declaration, ¶ 19.

X.

CONCLUSION

31. WHEREFORE, Debtor respectfully requests entry of an Order authorizing the relief requested herein, substantially in the form attached hereto as **Exhibit A**, and granting Debtor such other and further relief as is just and proper.

DATED this 24th day of April 2023.

FOX ROTHSCHILD LLP

By: /s/Brett Axelrod

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EXHIBIT A

PROPOSED FORM OF ORDER

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Counsel for Debtor

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re

CASH CLOUD, INC.,
dba COIN CLOUD,

Debtor.

Case No. BK-23-10423-mkn

Chapter 11

**ORDER AUTHORIZING RETENTION
AND EMPLOYMENT OF BAKER &
HOSTETLER LLP AS REGULATORY
COUNSEL TO DEBTOR**

Hearing Date:

Hearing Time:

1 The Court, having reviewed and considered the *Application for Order Authorizing Retention*
 2 *and Employment of Baker & Hostetler LLP* [“B&H”] as *Regulatory Counsel* (the “Application”),¹
 3 filed by Cash Cloud, Inc. (“Debtor”), debtor and debtor in possession in the above-captioned chapter
 4 11 case (the “Chapter 11 Case”), the *Verified Statement of Robert A. Musiala, Jr.* in Support of the
 5 Application (the “Musiala Verified Statement”), the *Declaration of Chris McAlary* in Support of
 6 the Application (the “McAlary Declaration”), and with all other findings set forth in the record at
 7 the hearing noted above incorporated herein, pursuant to Fed. R. Bankr. P. 7052; and it appearing
 8 that this Court has jurisdiction to consider the Application pursuant to 28 U.S.C. §§ 157 and 1334;
 9 and it appearing that venue of this Chapter 11 Case and the Application in this District is proper
 10 pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding
 11 pursuant to 28 U.S.C. § 157(b); the Court hereby finds (1) notice of the Application was good and
 12 sufficient as provided therein and under the circumstances; (2) B&H does not represent or hold any
 13 interest adverse to Debtor with respect to the matter on which such attorney is to be employed;
 14 (3) B&H’s employment as Debtor’s regulatory counsel is necessary and in the best interests of
 15 Debtor and its estate; and (4) good cause exists to approve the retention and employment of B&H.

16 **NOW, THEREFORE, IT IS HEREBY ORDERED THAT:**

- 17 1. The Application is GRANTED in all respects;
- 18 2. Pursuant to 11 U.S.C. § 327(a) and Rule 2014(a) of the Federal Rules of Bankruptcy
 19 Procedure, Debtor is authorized to retain and employ B&H as regulatory counsel to perform the
 20 services set forth in the Application and under the terms of the Engagement Agreement attached as
 21 **Exhibit 1** to the Musiala Verified Statement; and
- 22 3. The terms of this Order shall be immediately effective and enforceable upon its entry.

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 28 ¹ All capitalized terms not otherwise defined herein shall have the same meaning ascribed in the Application.

1 Prepared and respectfully submitted by:

2 **FOX ROTHSCHILD LLP**

3 By: /s/Brett A. Axelrod

4 BRETT A. AXELROD, ESQ.

5 Nevada Bar No. 5859

6 NICHOLAS A. KOFFROTH, ESQ.

7 Nevada Bar No. 16264

8 ZACHARY T. WILLIAMS, ESQ.

9 Nevada Bar No. 16023

10 1980 Festival Plaza Drive, Suite 700

11 Las Vegas, Nevada 89135

12 *Counsel for Debtor*

13 APPROVED/DISAPPROVED:

14 **OFFICE OF THE UNITED STATES TRUSTEE**

15 By _____

16 Jared A. Day,

17 Trial Attorney for U.S. Trustee,

18 Tracy Hope Davis

CERTIFICATION OF COUNSEL PURSUANT TO LOCAL RULE 9021

In accordance with Local Rule 9021, counsel submitting this document certifies as follows:

- ☐ The Court has waived the requirement of approval in LR 9021(b)(1).
- ☐ No party appeared at the hearing or filed an objection to the motion
- ☒ I have delivered a copy of this proposed order to all counsel who appeared at the hearing, any unrepresented parties who appeared at the hearing, and each has approved or disapproved the order, or failed to respond, as indicated below:

Jared A. Day,
Trial Attorney
Office of the United States
Trustee

- ☐ I certify that this is a case under Chapter 7 or 13, that I have served a copy of this order with the motion pursuant to LR 9014(g), and that no party has objected to the form or content of the order.

#